



'Welcome to our new look publication, bringing together information on the housing markets in Kensington, South Kensington, Notting Hill and Knightsbridge. We work together to provide unparalleled expertise and service in Prime Central London.'

Tom Dogger

"INVESTORS ARE ATTRACTED TO PRIME CENTRAL LONDON'S SAFE HAVEN STATUS"

PRESSURES ON SUPPLY SET TO CONTINUE

The private rented sector is growing once again after decades of decline in favour of owner occupation. This marks the reversal of a long term tenure trend which started after the Second World War.

A key factor contributing to this recent shift is the rising affordability pressures of owning a home. Other contributing factors are the implementation of stricter lending criteria following the credit crunch and the impact of the huge imbalance in supply and demand, especially in central London.

Both the supply of new and second hand property is falling, especially in Prime Central London. Private completions have fallen by 23% in the last 4 years in London, with Kensington and Chelsea contributing just 0.1% of this supply on average. Over the same period, owner-occupiers have also been moving less frequently, thus resulting in reduced availability of second hand stock for sale. In

2009/10, almost half (49%) of homeowners had been in their homes for 10 years or more. 68% had been living in their homes for at least 5 years, according to data from the Survey of English Housing.

Household projections for London indicate that demand levels continue to exceed predicted stock levels and this is most pronounced in central London.

Central London's housing market is less affected by the troubled mortgage market and is also popular with international buyers. Since the late 1980s a positive net balance of international migration to the UK has compounded the housing scarcity issue. Although the levels of economic migrants has fallen, there is still a vast quantity of wealth that is being generated in emerging economies that is looking to be invested in Prime Central London accommodation. This international demand often does not result in migration to the UK.

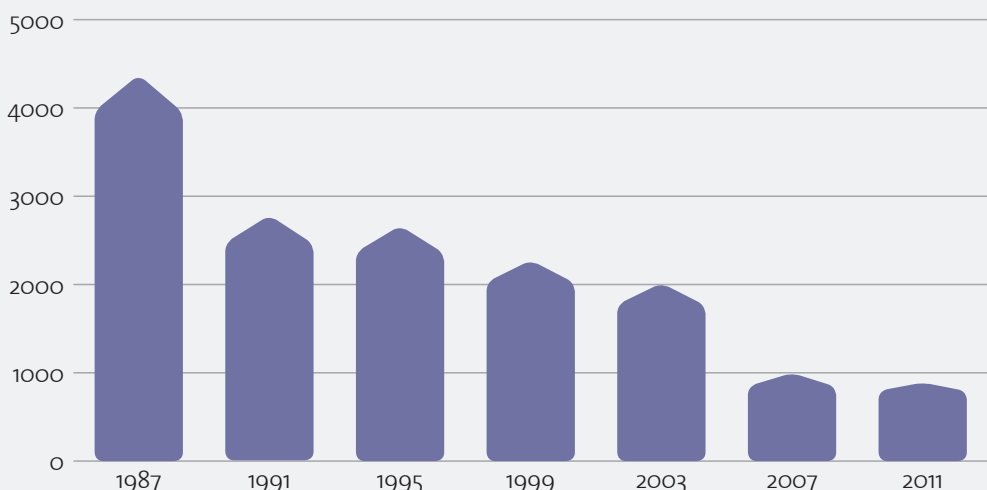
These investors are attracted by its 'safe haven' perception, long-term performance and the political stability of the UK.

The current volatility in the world stock markets and relatively strong performance of the Prime Central London residential market, means that property has become even more attractive to investors both domestically and from overseas.

The issue of housing scarcity in central London looks set to intensify, as investors and homeowners alike continue to hold for long periods, with little in the way of new supply being developed for the market. This should help underpin capital values for those already in on the action but it's a rather depressing thought for those who are unable to take part.

WHAT CAN YOU BUY FOR £1M?

■ Average square footage purchased for £1m in Central London



Source: Dataloft / Lonres

While prime residential property in central London is an attractive long term investment choice for many, significant price growth has dramatically reduced what you can get for your money over the past 25 years.

Looking at average £/sqft values over time in the market catchment of the Winkworth offices, we have calculated exactly how much space £1m could have bought you over the past 25 years. Looking back to 1987, £1m would have purchased around 4,300 square feet of residential property space in central London. By 1999, it would have bought just over 2,100 square feet and by 2011, the same amount of money would have bought just 830 square feet, or a small two bed flat.

MARKET OVERVIEW

WHILST THE OUTLOOK FOR THE DOMESTIC AND GLOBAL ECONOMIES REMAINS TURBULENT, THE PRIME LONDON MARKET CONTINUES TO SHINE.

Continued constraints on the mortgage markets, as well as concerns over job security and incomes, have all impacted upon the UK housing market, both in terms of transactional activity and houses prices. Over the past year, average house prices across England and Wales have fallen by 1.7%, with transaction levels remaining at less than half of those at the peak of the market in 2006/2007.

The outlook for the UK economy remains uncertain, particularly in light of troubled times within the Eurozone. The Centre for Economic and Business Research (CEBR) forecasts GDP growth in the UK of 0.7% in 2012, with a freeze on income growth expected to remain over the coming year. With a shift in lending criteria unlikely and the outlook for household incomes uncertain, we expect that the UK housing market will not see a recovery in 2012.

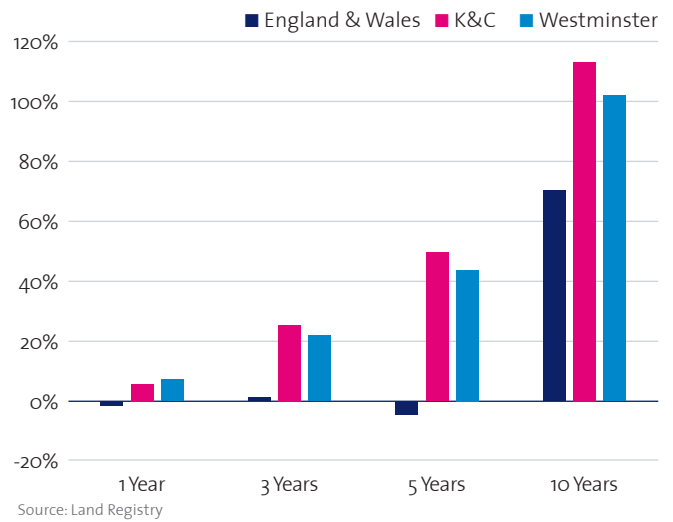
Transactional activity still much lower than 2007



Source: Land Registry

Whilst not immune from these difficulties, the London market and in particular the prime areas of the Capital, continued to outperform in 2011. The latest figures from the GLA show employment growth in London increasing by 1% year on year, compared with a 0.7% fall in employment recorded across the rest of the UK.

Prime London has outperformed in recent years



The prime markets of London are increasingly connected to the global, rather than domestic economy and are far less reliant upon the scarce

Forecasts for prime London suggest prices will continue to rise in 2012 against a backdrop of static or falling prices across the UK mainstream market.

high loan to value mortgages. Whilst domestic demand remains subdued in London, the continued interest being shown by overseas buyers and investors has helped create a strong market for homes in prime London.

The performance of prime postcodes over the course of 2011 has been particularly strong, with average prices increasing by 5.8% in Kensington & Chelsea and 7.1% in Westminster.

Transaction levels in prime areas of the capital remain far closer to peak than the rest of the UK. Levels of buyer activity in prime boroughs (Westminster and Kensington & Chelsea) mean that transactions were 60% of those seen at peak, compared with a UK-wide figure of 45%.

ECONOMIC & HOUSING MARKET FACTSHEET

	HOUSE*	APARTMENT
SOUTH KENSINGTON	£2,025,271	£964,484
KNIGHTSBRIDGE	£3,242,385	£1,058,438
KENSINGTON	£2,129,673	£789,053
NOTTING HILL	£2,452,578	£775,098

Source: Land Registry - average of house prices over last 3 months
*Weighted by house type and number of transactions

	LATEST DATA	2012 FORECAST*
GDP	0.6% (Q3)	0.6%
INFLATION (CPI)	4.8% (Nov)	2.1%
BANK BASE RATE	0.5% (Dec)	0.56%
AVERAGE EARNINGS	1.8% (Dec)	2.4%

Source: ONS, Bank of England, HM Treasury
*Average of independent forecasts

NOTTING HILL

BUYERS CONTINUE TO BE ATTRACTED TO THE LIFESTYLE AND INVESTMENT OPPORTUNITIES OFFERED BY NOTTING HILL. OUR DEMAND REMAINS BROADBASED, BEING BOTH DOMESTIC AND INTERNATIONAL.

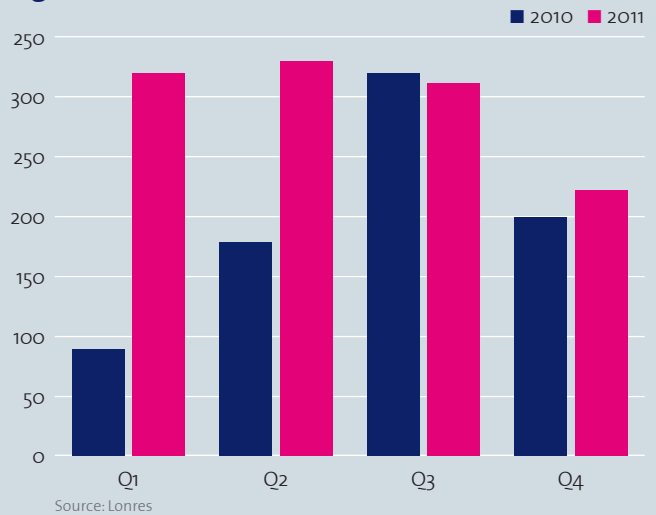
The Notting Hill market performed well over the course of 2011. New instructions, particularly in the early part of the year, far outpaced those seen in 2010, with vendors looking to take advantage of rising prices and increased buyer activity. Whilst more properties came onto the market, the number of buyers still exceeded availability.

Quality remains the polarising factor for property within our area, with the best stock far outperforming anything more dated or in a less desirable location, both in terms of price achieved and interest from buyers.

In spite of the economic environment, 2011 was a successful year and the average £/sqft of properties sold by our office was 19% higher than in 2010.

Across Notting Hill, achieved sales values were, on average, within 2% of asking price and many of our properties were agreed at or above the asking price.

Higher levels of new instructions in 2011



The average value of property sold in 2011 was 5% higher than in 2010, with that of larger properties (those in excess of 2,000 sqft) increasing by 6%.

Our successes in 2011 included the sales of three houses in Lonsdale Road in the space of 6 weeks, all of which were competitively bid for, 2 settling in the region of £1,500/sqft.

"As uncertainty prevails, although disconcerting for many, it remains one of the driving forces for Notting Hill property."

*Alex Thompson
Notting Hill*

KENSINGTON

THE IMBALANCE IN SUPPLY AND DEMAND CREATED A STRONG KENSINGTON MARKET IN 2011. COMPETITION FOR STOCK MEANT THAT WELL PRESENTED AND REALISTICALLY PRICED PROPERTIES WERE HIGHLY SOUGHT AFTER.

Overseas buyers continue to flock to Kensington, attracted by the investment potential, security and amenities available. Buyer interest from the Eurozone was particularly strong in the early part of 2011, with many looking to relocate or invest in Kensington homes.

Demand from overseas and domestic buyers fuelled growth in prices throughout 2011, with average sales values rising by 24% year on year.

With limited stock, competition for the best property resulted in many homes sold in

"Scarce stock and high levels of buyer activity resulted in some record £/sqft values being achieved in Kensington in 2011."

*Josh Grinling
Kensington*

High sales volumes over £2m in 2011



Kensington achieving in excess of asking price in 2011.

The market for houses has been particularly strong, with a number of wealthy buyers looking to acquire large properties within Kensington. Over the past year average £/sqft values have increased by 26% for houses, with large homes in excess of 2,000 square foot seeing prices grow by 28%.

Notable sales in 2011 include two large family houses on Addison Road and Stafford Terrace which sold for in excess of £2,400/sqft and a large flat on Palace Green which achieved more than £3,500/sqft.

KNIGHTSBRIDGE, CHELSEA AND BELGRAVIA

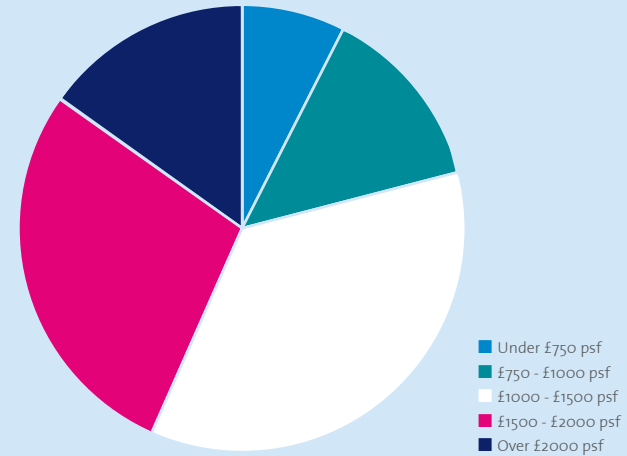
KNIGHTSBRIDGE, CHELSEA AND BELGRAVIA HAVE MAINTAINED THEIR POSITION AS THE MOST SOUGHT AFTER LOCATIONS IN PRIME LONDON FOR DOMESTIC AND OVERSEAS BUYERS.

Average £/sqft values across Knightsbridge, Chelsea and Belgravia now stand at £1,460, an increase of 17% year on year (an additional £208/sqft over 2010 prices). 43% of all sales in 2011 achieved over £1,500/sqft. Houses remain highly sought after with 71% of sales commanding in excess of £1,500/sqft.

Buyers were willing to pay a premium, with many looking for large statement properties. 2011 saw a high proportion of larger homes transacting. 41% of properties sold in Knightsbridge, Chelsea and Belgravia achieved £2 million or higher, compared with 33% in 2010.

Stock availability remains acutely constrained within Knightsbridge, Chelsea and Belgravia, with many wealthy owners choosing to retain their current properties as an investment rather than sell to acquire a new home.

Sales by priceband in 2011 (£ per square foot)



Source: Lonres

The continued success of luxury new build developments in our area has resulted in record prices. 2011 saw values in excess of £6,000/sqft achieved.

Period homes have also experienced a significant uplift in values over the past year. For example, sales in Wilton Crescent and Belgrave Place achieved more than £4,000/sqft.

"Knightsbridge remains the first choice for many of the world's most wealthy, whether buying new build or period homes."

*Tom Dogger
Knightsbridge, Chelsea and Belgravia*

SOUTH KENSINGTON

SOUTH KENSINGTON REMAINS A POPULAR CHOICE FOR BUYERS IN PRIME LONDON ATTRACTED TO THE UNIQUE COMBINATION OF CITY CENTRE AMENITIES ALONGSIDE THE TRANQUILITY OF THE OPEN SPACES OFFERED BY THE AREA.

2011 has been a busy year for our office in South Kensington, with our average sale price now exceeding £1.1m, up from £830,000 in 2009.

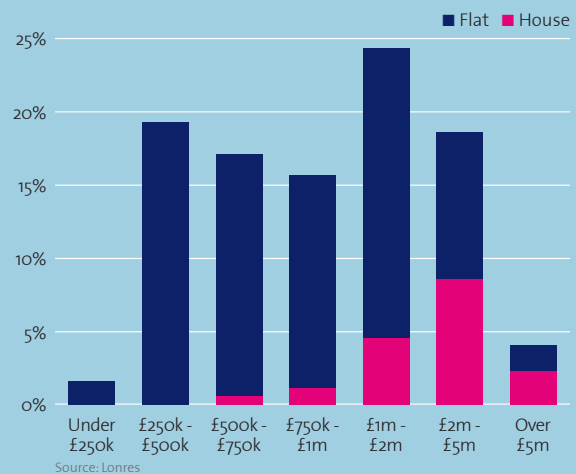
Buyers from overseas continue to dominate at the top end of the market, particularly those from the Middle East and Pacific Rim.

"The growing number of institutional investors and foreign nationals buying purely 'to hold' is putting further pressure on the levels of available stock in our area."

*James Moran
South Kensington*

The first few months of the year saw high levels of activity, with buyers eager to purchase before the stamp duty increases in April.

Sales by priceband and type - 2011



Source: Lonres

Average prices within South Kensington have increased in the past year, with £/sqft values up by 10% compared with 2010. Houses continued to command a premium in 2011, with 38% achieving in excess of £1,500/sqft, compared with 14% of flats.

The top end of the market performed best in 2011, with competitive bidding situations often seen. In 2011, 22% of sales in South Kensington were over £2m, compared with 18% in 2010. This sector of the market also experienced the highest uplift in values, with £/sqft increases for larger houses (over 2,000 square foot) of 16%.

MEET THE TEAM

Notting Hill



Alex Thompson Director
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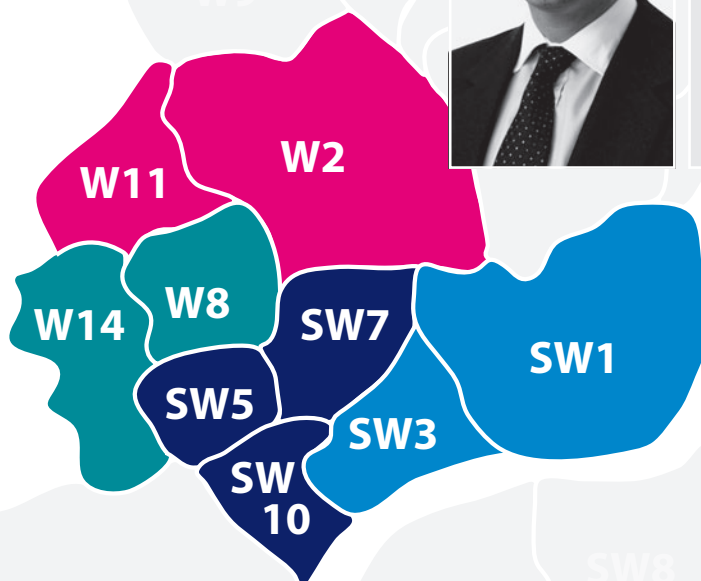
The Notting Hill office has occupied its prime spot for over 25 years now and Alex has run it for the past 14 years, making him one of Notting Hill's longest serving agents. Having lived locally for most of that time, Alex's local knowledge is second to none.

Knightsbridge, Chelsea & Belgravia



Tom Dogger Director
020 7590 9055
tdogger@winkworth.co.uk

Having worked in Prime Central London selling properties since 1995, Tom has a wealth of expertise in assisting clients with short Leaseholds, as well as with the investment and development markets. Passionate about property, his experience helps clients achieve a premium result.



Kensington



Josh Grinling Director
020 7727 1500
jgrinling@winkworth.co.uk

Josh has been running this office since 1996 and has lived in the borough for 24 years. He has built his reputation on offering sound advice and achieving maximum money for his clients. When not selling houses, he is usually to be found fly fishing in Wiltshire.

South Kensington



James Moran Director
020 7370 9828
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James has been running the South Kensington branch for over 15 years. His experience in the area is well known, with a good number of clients returning to the Gloucester Road office to take advantage of his expert local knowledge.

About Winkworth

Our four branches in Prime Central London; Kensington, Notting Hill, Knightbridge, Chelsea and Belgravia and South Kensington work together to form a powerful network. With over 60 years of combined experience, shared expertise and a bespoke service for our customers, you'll be in safe hands. Our branches are owner-managed by passionate people who care deeply about every customer they work with.

Winkworth is a leading franchiser of residential real estate agencies and is listed on the London Stock Exchange. Established in Mayfair in 1835, Winkworth has a pre-eminent position in the mid to upper segments of the central London residential sales and lettings markets. In total the company operates from over 80 offices in the UK, France and Portugal having doubled in size in recent years.



All data and charts supplied by Dataloft, www.dataloft.co.uk

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Date of publication: 13th January 2012

Winkworth